



UNDERSTANDING THE PRESIDENT'S HEALTH CARE REFORM PLAN

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Today President Obama released his plan for reforming our nation's health care system. We had hoped for a truly bipartisan, market-based approach that would have preserved the private nature of our health care system. Unfortunately, all the president has proposed is a tweaked version of the bill already passed by the Senate. Essentially, President Obama has used the Senate-passed bill as the base text for his proposed health care reform plan, added some material from the House-passed bill, and sprinkled in a few additional ideas.

We are gratified to see that the president's proposal mirrors some of the ERLC's principles for successful health care reform. For example, it caps out-of-pocket expenses, prevents insurance companies from terminating coverage of sick policyholders, and prevents discrimination due to pre-existing conditions.

While these and some other provisions are welcome, we are deeply concerned about other aspects of the president's plan for health care reform. Key among these are the following:

ABORTION FUNDING

Federal funding of elective abortion. The president's proposal retains the Senate plan for federal funding of elective abortion. Under the Senate plan, people are required to pay a premium into a separate abortion account if their insurance plan includes coverage for elective abortion. Federal funds will flow to insurance plans that cover elective abortion when the government subsidizes the premiums for families earning up to 133% of the poverty level (\$88,000 for a family of four).

The federal government will likely insist that all plans paid for by subsidized premiums cover abortion. Consequently, people will be faced with the decision of turning down significant government subsidies of their premiums or funding abortion in their health insurance plans.

Increased funding for Planned Parenthood. The president's plan increases funding to community health centers, which includes Planned Parenthood clinics, by \$11 billion over 5 years. The Senate plan proposed an increase of \$8.5 billion and the House plan increased funding by \$12 billion.

COVERAGE MANDATES AND INCREASED TAXES

Individual fines. The president's plan still fines people for failing to carry insurance. The fines are reduced slightly, but they are still there. The fines come in the form of "flat dollar assessments" or a percentage of income. The flat dollar assessments start at \$325 in 2015 and \$695 in 2016 instead of the Senate's rates of \$495 in 2015 and \$750 in 2016. On the other hand, the president's plan increases the percentage of one's income that the government can take if a person chooses not to carry insurance compared to the Senate plan. It raises the amounts from .5% to 1.0% in 2014, from 1.0% to 2.0% in 2015, and from 2.0% to 2.5% in subsequent years.

Corporate fines. The president's proposal will require employers with 50+ employees to pay a fine/tax if they do not provide health insurance for their employees. It softens the blow a little, by exempting the first 30 employees from the penalty calculation, but it still fines/taxes employers with 50+ employees if they do not provide insurance coverage.

Taxes on high-end insurance plans. The president's plan still taxes high-end insurance plans. It merely raises the tax threshold compared to the Senate plan from \$8,500 for individual plans to \$10,200 and from \$23,000 for families to \$27,500.

INCREASED BUREAUCRATIC INVOLVEMENT

More Bureaucracy. The president's plan increases the number of programs and boards created to "crack down on waste, fraud, and abuse." The White House says the president's plan "builds on" the "unprecedented array of aggressive new authorities to fight waste, fraud, and abuse" contained in the House and Senate bills and incorporates "a number of additional proposals."

INCREASED GOVERNMENT-RUN HEALTH CARE

More people in Medicaid. The president's plan removes the Senate's different Medicaid provisions for different states and instead pays the entire cost for all new Medicaid recipients, (people/families earning less than 133% of the poverty level), in every state from 2014 to 2017, eventually paying for 90% of the cost from 2020 and onward.

CONCLUSION

The concerns we list above are in addition to our objections to the Senate health care reform bill's massive intrusion into our nation's health care system. In its current state, the ERLC must oppose the president's health care plan. A necessary starting point to obtain ERLC support for a health care reform bill is the inclusion of the Stupak-Pitts pro-life language to prevent the use of federal dollars for elective abortion. Many other principles should be included as well to ensure successful health care reform. These are described in the ERLC's document "Fifteen Principles for Successful Health Care Reform," available at <http://erlc.com/article/erlc-offers-fifteen-principles-for-successful-health-care-reform/>. We hope the upcoming summit on health care reform will yield the necessary changes that will result in true reform that ensures quality, affordable health care for all Americans.